

**MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION**

ROCHESTER, NEW YORK

BASIC FINANCIAL STATEMENTS

For Years Ended December 31, 2023 and 2022



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monroe County Industrial Development Corporation
Rochester, New York

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Monroe County Industrial Development Corporation (the Corporation), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Monroe County Industrial Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Monroe County Industrial Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2024 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Rochester, New York
April 23, 2024

Mengel, Metzger, Barw & Co. LLP

**Monroe County Industrial Development Corporation
Rochester, New York**

Management's Discussion and Analysis (MD&A)

December 31, 2023

INTRODUCTION

Our discussion and analysis of the Monroe County Industrial Development Corporation's ("Corporation") financial performance provides an overview of the Corporation's financial activities for the year ended December 31, 2023. It should be read in conjunction with the basic financial statements to enhance understanding of the Corporation's financial performance, which immediately follows this section.

The purpose of the Corporation is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position and the statements of revenues, expenses, and changes in net position report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Revenue and expenses are recorded when earned and incurred, respectively, regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes in them from one year to the next. The Corporation's net position, the difference between assets and liabilities, is one way to measure the Corporation's financial health, or financial position. Over time, increases or decreases in the Corporation's net position is one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Corporation's income and the fluctuation of the Corporation's expenses, to assess the overall health of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS

The financial statements also include the notes to the financial statements, which explain certain information in the financial statements. They are essential to a full understanding of the information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The Corporation's net position was \$7,462,930 at the end of 2023 as compared to \$6,503,761 at the end of 2022.
- The Corporation's total revenues were \$2,083,927 in 2023 as compared to \$361,369 in 2022.
- The Corporation's total expenses were \$1,124,758 in 2023 as compared to \$957,647 in 2022.
- The Corporation's change in net position was \$959,169 in 2023 as compared to (\$596,278) in 2022.

THE CORPORATION

The analysis below summarizes the statements of net position and change in net position of the Corporation as of and for the years ended December 31, 2023, 2022, and 2021.

Statement of Net Position

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,254,881	\$ 4,704,472	\$ 5,445,041
Other receivable	144,670	-	450,000
Prepaid expenses	5,630	21,180	26,665
Loans receivable	2,371,702	1,928,068	1,327,045
Investment in limited partnerships and related entities	-	117,474	142,063
Investment in Laser Max, Inc.	-	-	49,950
Investments in U.S. Treasuries	2,847,230	-	-
Total Assets	<u>\$ 7,624,113</u>	<u>\$ 6,771,194</u>	<u>\$ 7,440,764</u>
 <u>LIABILITIES</u>			
Accounts payable and unearned revenue	\$ 161,183	\$ 267,433	\$ 340,725
Total Liabilities	<u>\$ 161,183</u>	<u>\$ 267,433</u>	<u>\$ 340,725</u>
 <u>NET POSITION</u>			
Restricted	\$ 169,303	\$ 169,303	\$ 169,303
Unrestricted-Operating	7,293,627	6,334,458	6,930,736
Total Net Position	<u>\$ 7,462,930</u>	<u>\$ 6,503,761</u>	<u>\$ 7,100,039</u>

Cash decreased by \$2,449,591 at December 31, 2023 primarily as a result of a reallocation of excess cash and cash equivalents to Treasury investments during the year. Net position increased \$959,169 because of the operations of the Corporation; see the analysis on the following page of this MD&A.

Cash decreased at December 31, 2022 as a result of the issuance of new loans. Net position decreased as a result of the operations of the Corporation; see the analysis on the following page of this MD&A. Loans receivable increased by \$601,023 as a result of \$800,000 of new revolving loan fund loans issued offset by the forgiveness of \$42,000, net of the remaining emergency loans and \$157,000 of principal payments on existing loans.

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Bond fee income	\$ 924,150	\$ 215,838	\$ -
Fees	263,881	191,611	221,490
Interest, dividends, and investment income	53,520	(46,080)	28,500
Miscellaneous income	4,648	-	241,231
Micro loan federal grant	837,728	-	-
State aid	-	-	169,303
Total Revenues	<u>\$ 2,083,927</u>	<u>\$ 361,369</u>	<u>\$ 660,524</u>
 Expenses:			
Program	\$ 625,192	\$ 586,436	\$ 660,735
Management and general	499,566	371,211	339,559
Total Expenses	<u>\$ 1,124,758</u>	<u>\$ 957,647</u>	<u>\$ 1,000,294</u>
Operating Income (Loss)	<u>\$ 959,169</u>	<u>\$ (596,278)</u>	<u>\$ (339,770)</u>
Net Position - Beginning of Year	<u>6,503,761</u>	<u>7,100,039</u>	<u>7,439,809</u>
Net Position - End of Year	<u>\$ 7,462,930</u>	<u>\$ 6,503,761</u>	<u>\$ 7,100,039</u>

In 2023 there were 39 bond projects. The value of closed bond projects in 2023 was approximately \$2,498,395,000. Revenues increased by \$1,722,558 primarily as a result of \$708,312 of additional bond fee income, \$837,728 of micro loan federal grant income and \$217,074 of additional income on investments.

In 2022 there was one bond project. The value of closed bond projects in 2022 was approximately \$22,000,000. Program expenses decreased by approximately \$74,000 largely due to the \$43,712 decrease in PTAC expenses and \$19,237 decrease in economic development activity. PTAC changed funding entities and is no longer receiving funding from Monroe County Industrial Development Corporation. Payroll increased approximately \$50,000 contributing to an \$11,000 and \$39,000 increase in program expenses and management and general expenses, respectively. Investment losses increased \$74,539 because of impairment losses recognized on two investments.

FUTURE FACTORS

The Corporation relies extensively upon bond fees and SBA fees to generate the majority of its annual revenue. As a result of uncertain economic conditions, the Corporation's ability to generate fees to support the operations may be impacted in the future.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Monroe County Industrial Development Corporation's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Monroe County Industrial Development Corporation
50 West Main Street, Suite 1150
Rochester, New York 14614

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION

December 31, 2023 and 2022

<u>ASSETS:</u>	<u>2023</u>	<u>2022</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 2,254,881	\$ 4,704,472
Investments in U. S. Treasuries	1,631,709	-
Other receivable	144,670	-
Loans receivable - current portion, net	184,846	163,717
Prepaid expenses	5,630	21,180
Total Current Assets	<u>\$ 4,221,736</u>	<u>\$ 4,889,369</u>
<u>Noncurrent Assets -</u>		
Investments in U. S. Treasuries	\$ 1,215,521	\$ -
Investment in limited partnerships and related entities	-	117,474
Loans receivable-net of current portion	2,186,856	1,764,351
Total Noncurrent Assets	<u>\$ 3,402,377</u>	<u>\$ 1,881,825</u>
TOTAL ASSETS	<u>\$ 7,624,113</u>	<u>\$ 6,771,194</u>
 <u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 160,181	\$ 262,785
Unearned revenue	1,002	4,648
TOTAL LIABILITIES	<u>\$ 161,183</u>	<u>\$ 267,433</u>
 <u>NET POSITION:</u>		
Restricted	\$ 169,303	\$ 169,303
Unrestricted - Operating	7,293,627	6,334,458
TOTAL NET POSITION	<u>\$ 7,462,930</u>	<u>\$ 6,503,761</u>

(The accompanying notes are an integral part of the financial statements)

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For Years Ended December 31, 2023 and 2022

<u>OPERATING REVENUES:</u>	<u>2023</u>	<u>2022</u>
Bond fee income	\$ 924,150	\$ 215,838
Fees	263,881	191,611
Interest earned on loans	57,256	26,871
Investment (loss)	(3,736)	(72,951)
Miscellaneous income	4,648	-
Micro loan federal grant	837,728	-
TOTAL OPERATING REVENUES	<u>\$ 2,083,927</u>	<u>\$ 361,369</u>
<u>EXPENSES:</u>		
Program Expenses -		
Reward programs	\$ 247,562	\$ 305,656
PTAC	16,010	3,911
Economic development expense	164,938	175,771
Salaries	79,691	48,465
Other	116,991	52,633
Total Program Expenses	<u>\$ 625,192</u>	<u>\$ 586,436</u>
Management and General Expenses -		
Administrative expense	\$ 90,000	\$ 90,000
Professional fees	85,301	80,737
Salaries	297,579	179,399
Travel	3,563	994
Supplies	6,201	6,112
Other	16,922	13,969
Total Management and General Expenses	<u>\$ 499,566</u>	<u>\$ 371,211</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,124,758</u>	<u>\$ 957,647</u>
OPERATING INCOME (LOSS)	<u>\$ 959,169</u>	<u>\$ (596,278)</u>
CHANGE IN NET POSITION	\$ 959,169	\$ (596,278)
NET POSITION - BEGINNING OF YEAR	<u>6,503,761</u>	<u>7,100,039</u>
NET POSITION - END OF YEAR	<u>\$ 7,462,930</u>	<u>\$ 6,503,761</u>

(The accompanying notes are an integral part of the financial statements)

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For Years Ended December 31, 2023 and 2022

<u>Cash Flows From Operating Activities:</u>	<u>2023</u>	<u>2022</u>
Cash received from providing services	\$ 1,939,347	\$ 434,320
Principal payments received on loans	184,260	606,852
Issuance of new loans	(735,000)	(800,000)
Cash paid to suppliers	(733,449)	(757,054)
Cash paid for salaries & benefits	(371,257)	(226,275)
Net Cash Provided by (Used in) Operating Activities	\$ 283,901	\$ (742,157)
<u>Cash Flows From Investing Activities:</u>		
Interest income	\$ 63,411	\$ 1,588
Purchase of investments	(3,211,903)	-
Maturities of investments	415,000	-
Net Cash Provided By (Used in) Investing Activities	\$ (2,733,492)	\$ 1,588
Net Decrease in Cash	\$ (2,449,591)	\$ (740,569)
Cash and Cash Equivalents - Beginning of Year	4,704,472	5,445,041
Cash and Cash Equivalents - End of Year	\$ 2,254,881	\$ 4,704,472
<u>Reconciliation of Change in Net Position to Net Cash Provided by (Used in) Operating Activities</u>		
Operating Income (Loss)	\$ 959,169	\$ (596,278)
Adjustments to reconcile Change in Net Position to Net Cash (Used in)/Provided by from Operations:		
Investment loss	\$ 3,736	\$ 72,951
Bad debt expense	107,106	42,125
Change in assets and liabilities -		
Other receivable	(144,670)	450,000
Loans receivable	(550,740)	(643,148)
Prepaid expense	15,550	5,485
Accounts payable and accrued payroll	(102,604)	(73,292)
Unearned revenue	(3,646)	-
Total Adjustments to reconcile Change in Net Position to Net Cash (Used in) from Operations	\$ (675,268)	\$ (145,879)
Net Cash Provided by (Used in) Operating Activities	\$ 283,901	\$ (742,157)
<u>NON-CASH TRANSACTIONS:</u>		
Impairment of investments	\$ (117,474)	\$ (74,539)
Fair value adjustments on treasury investments	50,763	-
TOTAL NON-CASH TRANSACTIONS	\$ (66,711)	\$ (74,539)

(The accompanying notes are an integral part of the financial statements)

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

I. Summary of Significant Accounting Policies:

The financial statements of the Monroe County Industrial Development Corporation (the Corporation) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Organization

The Monroe County Industrial Development Corporation, New York (the Corporation) is a not-for-profit corporation organized under the laws of the state of New York in 1962. In December 2009, the County of Monroe (the County) authorized the Corporation to issue tax exempt and/or taxable bonds and/or notes on behalf of certain not-for-profit organizations. As a result, the bylaws of the Corporation were amended to provide for control over board appointments by the Monroe County Executive.

The purpose of the Corporation is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources. In addition, the Corporation acts as a Certified Development Corporation for the Small Business Administration (SBA) 504 Program.

A revolving loan fund was established in 1984 through an initial contribution of \$350,000 from the County of Monroe Industrial Development Agency (COMIDA).

B. Basis of Presentation

GASB requires the reporting of net position into three classifications defined as follows:

1. Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At December 31, 2023 and 2022, the Corporation has no net investment in capital assets.

(I.) (Continued)

2. Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2023 and 2022, the Corporation had \$169,303 of restricted net position related to the GAIN program.
3. Unrestricted net position – This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”

When both restricted and unrestricted resources are available for use, it is the Corporation’s policy to use restricted resources first, and then unrestricted resources as needed.

C. Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits, money markets, and certificates of deposit and are carried at cost plus accrued interest, which approximates fair value. For purposes of presenting the statement of cash flows, the Corporation considers all highly liquid short-term investments with maturities of twelve months or less from the date of purchase to be cash or cash equivalents. Interest and dividend income from cash and cash equivalents is reported in operating revenue in the Statement of Revenues, Expenses and Changes in Net Position.

D. Investments

1. LaserMax, Inc.

The Corporation owns 333 shares of common stock of Laser Max, Inc. The Corporation adjusted its cost basis in the stock to recognize an impairment of \$49,950 for the year ended December 31, 2022.

2. Limited Partnership Interests

The Corporation had an investment in limited partnership interest of Trillium Lakefront Partners, III, LP. This investment is valued at cost in the statement of net position. As a result of the dissolution of the fund, the Corporation recognized a loss on investment of \$117,474 for the year ended December 31, 2023.

3. U.S. Treasuries

Investments in U.S. Treasuries are reported in the Statement of Net Position at fair value. Investment income, including changes in the fair value of investment, is reported in operations.

(I.) (Continued)

E. Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. The Corporation has requested a determination letter from the IRS.

F. Loans Receivable

Loans receivable are carried at unpaid principal balances. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation reviews outstanding loans receivable for uncollectibility and records an allowance for uncollectible accounts based on that review. When all collection efforts have been exhausted, the account is written-off as uncollectible. At December 31, 2023 and 2022 loan balances are reported net of the amounts deemed by management to be potentially uncollectible.

G. Revenue Recognition

Fees are assessed on a monthly basis for those loans processed by the Corporation and granted through the SBA. These fees are for processing and maintenance of the loans and are based on 0.5% of the outstanding principal balance.

H. Contributions

Contributions are recognized when unconditional promises to give are received by the Corporation. Contributions represent amounts provided by unrelated third parties to support the activities of the Corporation.

I. Prepaid Items

Prepaid items represent payments made by the Corporation for which benefits extend beyond year end. These payments reflect costs applicable to future accounting periods and are recorded as assets on the statement of net position. A current asset for the prepaid amounts is recorded at the time of disbursement and an expense is reported in the year the goods or services are consumed.

J. Reward Programs

The Corporation provides various incentive programs to local businesses and individuals to support local economic development initiatives. The summary of the programs in place are as follows:

1. The Monroe Manufactures Jobs LoansPlus program lends manufacturing companies 10% of the purchase price of new manufacturing equipment, up to \$100,000, at 1% interest.

(I.) (Continued)

2. The Monroe Manufactures Jobs program connects graduates of the Monroe Community College Applied Technology Center with local manufacturing companies by providing both the employee and employer a \$1,500 bonus if the employee works for the company for one full year.
3. The Monroe Manufacturing Rewards program provides manufacturing businesses with a rebate of \$2,000 on qualified equipment purchases from \$25,000 to \$49,999.
4. The Monroe On-the-Job program provides matching funds for skilled trades training that leads to industry recognized certifications for employees.
5. The Small Business Monroe Manufacturing Rewards program provides manufacturing businesses with a rebate of \$1,000 on qualified equipment purchases from \$10,000 to \$24,999.
6. The GreatRebate program is a two year program for companies who buy \$50,000 or more of equipment. The Corporation will give a rebate of \$5,000 to companies who buy equipment locally or a rebate of \$4,000 to companies who buy equipment outside the local area.
7. The GreatRate program is a three to five year program that subsidizes interest rates by 4% for bank loans or capital leases for job creating companies purchasing equipment locally or 3% for bank loans or capital leases for job creating companies not purchasing locally.
8. The Helmets to Hardhats program offers veterans enrolled in the Rochester Building and Trades Council (RBTC) an award for completion of a training program. Qualified veterans completing a minimum of three years in the RBTC training program will be awarded \$1,500 while those qualified veterans who have already received a certification through RBTC and are currently employed in that field of certification will be awarded \$500.

Expenses are recognized in the accompanying financial statements when an eligible program disbursement is provided by the participating company under these programs.

K. Bond Fee Income

The Corporation is authorized by the County to issue Tax-Exempt Civic Facility Bonds on behalf of certain not-for-profit organizations. Associated with each issuance are application fees, administrative fees and/or counsel fees incurred by those organizations, which are recognized in the statement of activities as bond fee income.

(I.) (Continued)

L. Industrial Development Bonds

The Corporation issues tax-exempt bonds and special issue bonds to provide financial assistance on behalf of certain not-for-profit organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers back to the not-for-profit organization served by the bond issuance. The Corporation is not obligated in any manner for repayment of the bonds at any time. Accordingly, related property is not reported as assets, and the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2023, there were 39 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$2,498,395,000. At December 31, 2022, there were 37 tax-exempt bonds outstanding with an aggregate amount payable of approximately \$2,180,900,000.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N. New Accounting Standards

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2023, the Corporation implemented the following new standards issued by GASB:

GASB has issued Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*.

GASB has issued Statement 96 *Subscription Based Information Technology*.

GASB has issued Statement 99 *Omnibus 2022-Leases, PPP, and SBITAS*.

O. Future Changes in Accounting Standards

GASB has issued Statement 99 *Omnibus 2022-Financial Guarantees, and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53*, which will be effective for fiscal years beginning after June 15, 2023.

GASB has issued Statement 100 *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*, which will be effective for fiscal years beginning after June 15, 2023.

GASB has issued Statement 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

(I.) (Continued)

GASB has issued Statement 102, *Certain Risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

The Corporation is currently studying these statements and plans on adoption as required.

II. Reclassification:

Certain amounts in the 2022 financial statements have been reclassified to conform to the current year presentation.

III. Changes in Accounting Principles

For the year ended December 31, 2023, the Corporation implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. The implementation of the statement changes the reporting for SBITAs. There was no financial statement impact for the implementation of the Statement.

IV. Deposits with Financial Institutions and Investments:

A. Policies

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the funds of the Corporation and funds under the control of the Corporation; to provide sufficient liquidity of invested funds in order to meet obligations as they become due; and to earn the maximum yield possible given the objectives previously listed. Oversight of investment activity is the responsibility of the Executive Director. The Corporation's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies as designated by the Board of Directors. Permissible investments include: a) obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal or state government, b) obligations of New York State or in general obligations of the state's political subdivisions, c) certificates of deposit or deposits with banks with an investment grade rating by a Rating Agency, d) commercial paper rates Prime-1 and/or A-1, e) money market funds with AAA ratings, and f) investments in Laser Max, Inc. and various other investments in entities.

B. Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

(IV.) (Continued)

D. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits.

At December 31, 2023 and 2022, the Corporation's cash was covered by FDIC insurance, or by eligible securities held in the Corporation's name by a third-party custodial bank or by the bank's trust department. The Corporation's deposits (including petty cash) consisted of the following at December 31:

	<u>2023</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 2,070,862	\$ 2,068,989
Time deposits	185,892	185,892
Total	<u>\$ 2,256,754</u>	<u>\$ 2,254,881</u>

	<u>2022</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 3,952,441	\$ 3,949,893
Time deposits	754,580	754,579
Total	<u>\$ 4,707,021</u>	<u>\$ 4,704,472</u>

These deposits were insured or collateralized as follows:

	<u>2023</u>	<u>2022</u>
FDIC insurance	\$ 686,295	\$ 1,921,752
Collateralized by third-party	1,570,459	2,785,269
Total	<u>\$ 2,256,754</u>	<u>\$ 4,707,021</u>

E. Fair Value of Investments

The Corporation's investments are recorded at fair value. Investments held at December 31, 2023 were as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Investment Maturity</u>		<u>Total</u>
		<u>Within 1 Year</u>	<u>In More Than 1 Year</u>	
US Treasury Notes	\$ 2,847,230	\$ 1,631,709	\$ 1,215,521	\$ 2,847,230

United States Treasury obligations are considered level 1 investments. The corporation categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to ensure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

V. Loans Receivable

The Corporation administers a revolving loan fund established in 1984 through an initial contribution of \$350,000 from COMIDA. The Corporation established its Micro Advantage Small Business Program June 1, 2023 through a grant of up to \$5.8 million from Monroe County. The program provides businesses with loans from \$10,000 up to \$50,000 with terms up to 5 years. During 2023, the Corporation issued \$735,000 of new loans under the program.

The following is a summary of the Corporation's balance of outstanding loans receivable at December 31:

<u>Borrower</u>	<u>Date of Issue</u>	<u>Original Loan</u>	<u>Rate of Interest</u>	<u>Maturity Date</u>	<u>Balance at 12/31/2023</u>	<u>Balance at 12/31/2022</u>
<i>Revolving loans -</i>						
Alkemy Machine, LLC	03/2020	\$ 66,131	3.00%	04/2025	\$ 16,585	\$ 30,347
Precision Laser Technology	05/2019	\$ 28,293	1.00%	05/2026	9,652	13,720
Iron Smoke Whiskey, LLC	07/2019	\$ 50,000	4.00%	07/2026	20,711	27,927
RocCera, LLC	12/2019	\$ 48,258	4.50%	12/2031	35,259	38,514
Iron Smoke Whiskey, LLC #2	10/2020	\$ 43,180	4.00%	10/2027	25,132	31,080
Mercury Print	09/2020	\$ 500,000	3.50%	09/2030	356,235	402,222
GAIN - Brightly Farms, LLC	05/2021	\$ 169,303	1.00%	05/2028	106,200	132,039
Zweigle's, Inc.	11/2021	\$ 500,000	1.00%	11/2031	403,958	452,219
Simply Crepes (KPH Holdings)	12/2022	\$ 300,000	5.00%	12/2027	291,038	300,000
Tailor Square Associates LLC	06/2022	\$ 500,000	1.00%	06/2060	500,000	500,000
<i>Small Business Micro loans -</i>						
2023 Various	Various	\$ 861,500	Various	2028	714,038	-
Total					\$ 2,478,808	\$ 1,928,068
Less: Current Portion, net					(184,846)	(163,717)
Less: Allowance for doubtful accounts					(107,106)	-
Noncurrent Portion					\$ 2,186,856	\$ 1,764,351

<u>Payment Repayment Schedule</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Thereafter</u>	<u>Total</u>
Alkemy Machine	\$ 14,180	\$ 2,405	\$ -	\$ -	\$ -	\$ -	\$ 16,585
Precision Laser Technology	3,765	4,147	1,740	-	-	-	9,652
Iron Smoke Whiskey, LLC	7,510	7,815	5,386	-	-	-	20,711
RocCera, LLC	4,016	3,885	4,063	4,250	4,445	14,600	35,259
Iron Smoke Whiskey, LLC #2	6,190	6,442	6,705	5,795	-	-	25,132
Mercury Print	47,622	49,316	51,070	52,887	54,768	100,572	356,235
GAIN - Brightly Farms, LLC	22,084	24,323	24,567	24,814	10,412	-	106,200
Zweigle's, Inc.	52,830	49,277	49,772	50,272	50,777	151,030	403,958
Simply Crepes	8,617	9,862	10,366	262,193	-	-	291,038
Tailor Square Associates LLC*	-	-	-	-	-	500,000	500,000
2023 Micro Loans	125,138	136,550	148,068	160,563	142,723	996	714,038
Total	\$ 291,952	\$ 294,022	\$ 301,737	\$ 560,774	\$ 263,125	\$ 767,198	\$ 2,478,808

* Per agreement, annual payments are not expected to start on this loan until after construction period, estimated during 2025. The amount of the annual payment will vary under the terms of the agreement.

VI. Related Parties

The Corporation is related to the County through the appointment of Board members to the Corporation. The Monroe County Department of Planning and Development has executed contracts with the Corporation to provide administrative services. The 2023 and 2022 contracts required a payment of \$90,000 for general administrative and overhead fees to the County. In 2023 and 2022, the Corporation paid the County \$90,000 annually, based on an annual administrative agreement between the entities.

VII. Investments in Limited Partnership Interests

Investments in limited partnership interests consisted of the following at December 31:

	<u>2023</u> <u>Ownership %</u>	<u>2023</u>		<u>2022</u> <u>Ownership %</u>	<u>2022</u>
Trillium Lakefront Properties III, LP	0.00%	\$ -		4.49%	\$ 117,474

VIII. Commitments

Future payments under the Manufacturing Rewards, Monroe On the Job, GreatRebate, and GreatRate programs are anticipated to be as follows for the years ending December 31:

<u>Year</u>	<u>Amount</u>
2024	\$ 264,345
2025	139,221
2026	78,359
2027	38,960
2028	11,792
Total	<u>\$ 532,677</u>

At December 31, 2023, several companies have been approved for the Manufacturing Rewards, Monroe On the Job, GreatRebate, and GreatRate programs, but have not submitted final documentation for payment. Therefore, the Corporation has conditional payments of \$89,847 outstanding until such time as all program requirements have been satisfied.

IX. Litigation

Management is not aware of any pending or threatened litigation as of the balance sheet date.



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**Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors
Monroe County Industrial Development Corporation
Rochester, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Monroe County Industrial Development Corporation (the Corporation) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 23, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
April 23, 2024



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Independent Auditors' Report

To the Board Members
Monroe County Industrial Development Corporation
Rochester, New York

We have examined the Monroe County Industrial Development Corporation (the Corporation)'s compliance with its own investment guidelines, the New York State Comptroller's Investment Guidelines, or Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2023 to December 31, 2023. Management of the Corporation is responsible for the Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depending on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with its own investment guidelines, the New York State Comptroller's Investment Guidelines, or Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2023 to December 31, 2023.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
April 23, 2024

**MONROE COUNTY INDUSTRIAL
DEVELOPMENT CORPORATION**

ROCHESTER, NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN
AUDIT**

For Year Ended December 31, 2023



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April 23, 2024

To the Board of Directors
Monroe County Industrial Development Corporation
Rochester, New York

In planning and performing our audit of the financial statements of the Monroe County Industrial Development Corporation as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Current Year Deficiencies in Internal Control:

There were no current year deficiencies.

Prior Year Recommendations:

There were no prior year recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

* * *

We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
April 23, 2024

**MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION**

ROCHESTER, NEW YORK

LETTER OF COMMUNICATION

For Year Ended December 31, 2023



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April 23, 2024

To the Board Members
Monroe County Industrial Development Corporation
Rochester, New York

We have audited the financial statements of the Monroe County Industrial Development Corporation, (Corporation) for the year ended December 31, 2023, and have issued our report thereon dated April 23, 2024. Professional standards require that we provide you with the following information related to our audit.

A. Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated December 7, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Monroe County Industrial Development Corporation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Monroe County Industrial Development Corporation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

B. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management and the Board in our engagement letter dated December 7, 2023.

C. Significant Risks Identified

Professional standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The two risks which are always identified in an audit are management override of internal controls and revenue recognition. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements.

D. Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Corporation are described in Note 1 to the financial statements. The new accounting pronouncements which were implemented were GASB Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement 96 *Subscription Based Information Technology*, and GASB Statement 99 *Omnibus 2022-Leases, PPP, and SBITAS*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events effecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no individually sensitive disclosures affecting the financial statements.

E. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

F. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any known or likely misstatements during our audit.

G. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

H. Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 23, 2024.

I. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

J. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

K. Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Finance Director who reviews draft financial statements prior to issuance and accepts responsibility for them.

L. Other Matters

We applied certain limited procedures to the management’s discussion and analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

* * *

This information is intended solely for the use of the Board and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Rochester, New York
April 23, 2024

Mengel, Metzger, Barw & Co. LLP

**MONROE COUNTY
INDUSTRIAL DEVELOPMENT CORPORATION**

ROCHESTER, NEW YORK

SINGLE AUDIT REPORT

For Year Ended December 31, 2023



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**Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance;
and Report on the Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors
Monroe County Industrial Development Corporation
Rochester, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Monroe County Industrial Development Corporation, Rochester, New York's (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2023. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Corporation as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements. We issued our report thereon, dated April 23, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rochester, New York
April 23, 2024

Mengel, Metzger, Baw & Co. LLP

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
ROCHESTER, NEW YORK**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR YEAR ENDED DECEMBER 31, 2023

<u>Grantor / Pass - Through Agency</u>	Assistance Listing Number	Pass-Through Agency Number	Total Expenditures
<u>U.S. DEPARTMENT OF TREASURY:</u>			
<u>Passed Through Monroe County, New York -</u>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	MCIDC	\$ 837,728 *
Total U.S. Department of Treasury			\$ 837,728
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 837,728

* Major Program

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
ROCHESTER, NEW YORK**

Notes to Schedule of Expenditures of Federal Awards

December 31, 2023

1. Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Monroe County Industrial Development Corporation, Rochester, New York (the Corporation) under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement's, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position or changes in net position.

2. Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Costs:

The Corporation has elected to not use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance. Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

4. Matching Costs

Matching costs, i.e., the Monroe County Industrial Development Corporation, Rochester, New York's share of certain program costs, are not included in the reported expenditures.

5. Subrecipients

The Corporation did not pass through any awards to subrecipients during the year.

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
ROCHESTER, NEW YORK**

Schedule of Findings and Questioned Costs

December 31, 2023

I. Summary of the Auditor's Results

Financial Statements

- | | |
|---|-------------|
| a) Type of auditor's report issued | Unmodified. |
| b) Internal control over financial reporting | |
| 1. Material weaknesses identified | No. |
| 2. Significant deficiency(ies) identified | No. |
| c) Noncompliance material to financial statements noted | No. |

Federal Awards

- | | |
|--|-------------|
| a) Internal control over major programs | |
| 1. Material weaknesses identified | No. |
| 2. Significant deficiency(ies) identified | No. |
| b) Type of auditor's report issued on compliance for major programs | Unmodified. |
| c) Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) | No. |
| d) Identification of major programs | |
| <u>Assistance Listing Number(s)</u> <u>Name of Federal Program or Cluster</u> | |
| #21.027 Coronavirus State and Local Fiscal Recovery Funds | |
| e) Dollar threshold used to distinguish between Type A and Type B programs | \$750,000. |
| f) Auditee qualifies as low-risk auditee | No. |

II. Financial Statement Findings

There were no current year findings.

III. Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.